



J. TYLER McCAULEY  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

HALL OF RECORDS  
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LOS ANGELES, CALIFORNIA 90012-3208  
PHONE: (213) 974-0311 FAX: (213) 626-1108

July 19, 2002

TO: Audit Committee

FROM: DeWitt Roberts, Chief  
Audit Division

A handwritten signature in black ink, appearing to be "DeWitt Roberts", is written over the name in the "FROM:" line.

SUBJECT: **COMMUNITY DEVELOPMENT COMMISSION CUSTODIAL CONTRACT**

At your meeting on July 25, 2002, your Committee requested the Auditor-Controller to provide additional information on the reported significant labor law/contract violation of a custodial contractor used by Community Development Commission's (CDC).

**Background**

In September 2000, we conducted a review of Quality Cleaning Services (Quality). At that time, Quality had three contracts with the County. Two contracts were with CDC to clean the common areas of two senior housing developments in Lancaster and Valencia at an annual cost of \$11,340 and \$26,400, respectively. The third contract was with Department of Public Works (DPW) to provide custodial services at the Palmdale Road Maintenance facility at an annual cost of \$26,500.

The contract with DPW was subject to the Living Wage Ordinance (LWO) requirements. However, the two contracts with CDC were not subject to the LWO, since both contracts were in effect (July 1999) prior to the LWO (October 1999). In addition, the LWO is currently only applicable to County contracts.

**Summary of Review**

Our review found Quality to be in compliance with all relevant State and federal labor laws, and the terms of its two contracts with CDC. However, we found Quality did not comply with the terms of its contract with DPW. Quality received a LWO small business exemption (less than 20 employees) from DPW after certifying that it was a small business. We determined that Quality did not qualify for the exemption. In documents submitted by Quality to the County in June 2000, in response to a bid for a custodial contract with another County department, Quality reported it had 21 employees. Our review disclosed that prior to July 2000, Quality had grown to 30 employees, which

made it ineligible for the LWO small business exemption. Because Quality did not provide DPW with correct information, we found Quality's actions to be a significant violation of its County contract.

Attached is a copy of our report on Quality and the Application for Exemption, which contactors are required to complete to receive an exemption from the LWO.

If you have any questions, please call me at (213) 974-0301.

DR:DC

Attachments

c: Carlos Jackson, Community Development Commission

The Quality Cleaning Services Custodial Contract report is not attached.



## COUNTY OF LOS ANGELES LIVING WAGE PROGRAM

### APPLICATION FOR EXEMPTION

The contract to be awarded pursuant to the County's solicitation (RFP or IFB) is subject to the County of Los Angeles Living Wage Program (Program) (Los Angeles County Code, Chapter 2.201). Contractors and subcontractors may apply individually for consideration for an exemption from the Program. To apply, Contractors must complete and submit this form to the County by the date identified in the solicitation (RFP or IFB) document. Upon review of the submitted Application for Exemption, the County department will determine, in its sole discretion, whether the contractor and/or subcontractor is/are exempt from the Program.

Company Name:		
Company Address:		
City:	State:	Zip Code:
Telephone Number:	Facsimile Number:	Email Address:
Awarding Department:		Contract Term:
Type of Service:		
Contract Dollar Amount:		Contract Number (if any):

**I am requesting an exemption from the Program for the following reason(s) (*attach to this form all documentation that supports your claim*):**

- ☐ My business is a non-profit corporation qualified under Internal Revenue Code Section 501(c)(3) (*attach IRS Determination Letter*).
- ☐ My business is a Small Business (as defined in the Living Wage Ordinance) which is not an affiliate or subsidiary of a business dominant in its field of operation **AND** during the contract period will have 20 or fewer full- and part-time employees; **AND**
  - ☐ Has less than \$1 million in annual gross revenues in the preceding fiscal year including the proposed contract amount; **OR**
  - ☐ Is a technical or professional service that has less than \$2.5 million in annual gross revenues in the preceding fiscal year including the proposed contract amount.
- ☐ My business has received an aggregate sum of less than \$25,000 during the preceding 12 months under one or more Proposition A contracts and/or cafeteria services contracts, including the proposed contract amount.



# COUNTY OF LOS ANGELES LIVING WAGE PROGRAM

## APPLICATION FOR EXEMPTION

*Continued from previous page*

- ☐ My business is subject to a bona fide Collective Bargaining Agreement (*attach agreement*); **AND**
- ☐ the Collective Bargaining Agreement expressly provides that it supersedes all of the provisions of the Living Wage Program; **OR**
- ☐ the Collective Bargaining Agreement expressly provides that it supersedes the following specific provisions of the Living Wage Program (I will comply with all provisions of the Living Wage Program not expressly superseded by my business' Collective Bargaining Agreement):

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***I declare under penalty of perjury under the laws of the State of California that the information herein is true and correct.***

PRINT NAME:	TITLE:
SIGNATURE:	DATE:



## COUNTY OF LOS ANGELES LIVING WAGE PROGRAM

### APPLICATION FOR EXEMPTION

*Continued from previous page*

#### Additional Information

The additional information requested below is for information purposes only. It is not required for consideration of this Application for Exemption. The County will not consider or evaluate the information provided below by Contractor, in any way whatsoever, when recommending selection or award of a contract to the Board of Supervisors.

- ☐ I, **or my collective bargaining unit, have** a bona fide health care benefit plan for those employees who will be providing services to the County under the contract.

Health Plan Company Name(s): \_\_\_\_\_

Company Insurance Group Number(s): \_\_\_\_\_

Health Premium Amount Paid by Employer: \_\_\_\_\_

Health Premium Amount Paid by Employee: \_\_\_\_\_

Health Benefit(s) Payment Schedule:

☐ Monthly

☐ Quarterly

☐ Bi-Annual

☐ Annually

☐ Other: \_\_\_\_\_

(Specify)

- ☐ I, **or my collective bargaining unit, do not** have a bona fide health care benefit plan for those employees who will be providing services to the County under the contract.